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ABSTRACT

This paper gives a brief statistical survey of the demographics of Hispanic labor force participation in the years 1980-1985. The progress of Hispanics in the labor market is hindered by their low levels of education, and they have lower economic returns on their education than whites do. Hispanic males were found to have the highest labor force participation rate of any major population group in 1984, possibly due to the younger average age of the Hispanic population. Hispanic workers were found to be largely concentrated in the areas of technical, sales, and administrative support; operators, fabricators, and laborers; and service occupations such as cooks and cleaners. It was also found that Hispanics earn the lowest wages in the labor market, with the median weekly income for Hispanic men being $319 and $327 for Hispanic women. These low wages are thought to be the result of low educational attainment, employment discrimination, and low female work force participation contributing to low family income. Hispanics were found to have lower unemployment rates than blacks, but on average 60% higher unemployment than whites. In a concluding section, Federal commitment to equal access to education and employment; policies which eliminate discrimination in the workplace; Federal employment and training programs stressing different population segments' needs; and cooperation between the public, private, and nonprofit sectors to aid Hispanics in successfully participating in the labor force are recommended. (CG)

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HISPANICS IN THE LABOR MARKET: 1980-1985

I. INTRODUCTION

Hispanic Americans are the nation's youngest and fastest-growing major population group. Their youth and relatively low levels of education pose especially intractable problems, suggesting that hard-core Hispanic unemployment and poverty will endure into the future.

The 1980 Census estimated the Hispanic population in the United States at 14.6 million, or 6.4% of the total U.S. population. The Hispanic community had a birth rate in 1980 of 106.5 births per 1,000 women aged 18-44, compared to the White rate of 68.5 and the Black rate of 84.0. This high fertility rate, which is well above "replacement" level, guarantees larger cohorts of children for years to come. These high birth rates, which stem partly from a higher proportion of Hispanic women of child-bearing age, reflect the low median age of Hispanics, which is 23.2 years as compared to 31.7 years for Whites, and 24.9 years for Blacks.

Hispanics are projected to account for at least 8% of the labor force by 1995. The Hispanic community is an increasing pool of potentially productive workers. However, the progress of Hispanics in the labor market is hindered by their low levels of education, employment, and earnings. Hispanics are the least-educated and the lowest-paid of all groups in the labor market. Hispanic workers are "distressed" workers -- a phrase coined by Professor Daniel Saks of Vanderbilt University to identify large segments in the labor force who do poorly in the labor market despite good economic times.[1] As "distressed" workers, Hispanics are extremely vulnerable to shifts in the economy and to restrictive federal policies in education and employment and training.

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II. LABOR MARKET STATUS

A. Education

Data from the Bureau of Labor Statistics reveal that Hispanics are the least-educated major population group in the country, and that the general Hispanic population has lower educational attainment than Hispanics in the civilian labor force:

MEDIAN SCHOOL YEARS COMPLETED BY THE CIVILIAN LABOR FORCE
(Persons 16 years old and over)
1980-1984

	1980	1981	1982	1983	1984
Hispanics					
Men	11.7	11.6	12.0	12.1	12.0
Women	12.2	12.2	12.2	12.3	12.3
Blacks					
Men	12.3	12.3	12.4	12.4	12.4
Women	12.4	12.5	12.5	12.6	12.6
Whites					
Men	12.7	12.7	12.7	12.8	12.8
Women	12.7	12.7	12.7	12.7	12.8

A cursory analysis of the civilian labor force data may lead to the conclusion that there are only small differences in the educational levels of various segments of the labor market. However, these numbers only reflect the civilian labor force -- the employed and the unemployed who are actively looking for work. It does not include the 1.2 million discouraged workers -- those workers who have given up looking for jobs because of the prevailing economic situation or because of various personal factors such as age, or lack of education or training. This measure also does not include the chronically unemployed -- those that founder in the job market because they are bereft of marketable skills. This measure also does not include women who are housewives, or persons who are retired from the labor force. Finally, this measure does not include that segment of the population between the ages of 14 and 16. This specific age group is very important to the Hispanic community since Hispanics appear to drop out of school earlier that do other groups of students. According to the Bureau of the Census, 9.0% of Hispanics 14-17 years old have left school without graduating, as compared to 5.3% of White youth, and 5.2% of Black youth.

If these excluded segments of the population were included, Hispanics appear more undereducated when compared to Blacks and Whites, as shown in the following data from the March 1981 Current Population Survey:

MEDIAN SCHOOL YEARS COMPLETED, 1981
(Persons 25 years old and over)

White Males	12.6 years
White Females	12.5
Black Males	12.1
Black Females	12.1
Hispanic Males	11.0
Hispanic Females	10.5

The Current Population Survey measures a cross-section of the general population, whether in the labor force or not. Thus, it includes those segments of the general population who are excluded by data based on the civilian labor force.

A disproportionately high percentage of Hispanic youth leave high school without a diploma. Data from a 1979 Census Bureau study showed that 35% of Hispanics 18-21 years old had dropped out of high school as compared with 25% of Blacks and 15% of Whites. In 1983, only 50.3% of Hispanic 18-19 year olds had graduated from high school as compared to 75.6% of Whites and 59.1% of Blacks.

For certain groups of Hispanics, such as women, dropout rates are even higher. Hispanic females are more likely to drop out of school than are Hispanic males, and are more likely than other groups of women to be high school dropouts. Census data from 1980 showed that by age 17, 20.9% of Hispanic females have left high school without a diploma. In 1979, of Hispanic women aged 16-24, 34.2% were high school dropouts as compared to 31.5% of Hispanic males, 12.8% of White females, and 20.0% of Black females.

Education is the single most important human capital characteristic in terms of its direct correlation on future earnings. A study using data from the 1976 Survey of Income and Education and the 1970 census found that Hispanics have lower returns to education than Whites. For example, White men earned 6.1% more for each additional grade of school completed, whereas Mexican men earned 5.4% higher wages per school grade completed, Puerto Rican men earned 3.6%, Cuban men earned 3.5%, and Black men earned 4.9%.2

These findings are consistent with the results of a 1982 research project of the National Council of La Raza which analyzed data from the March 1981 Current Population Survey and found that Hispanics, both males and females, received less income for each additional year of schooling than did Whites. Hispanic women were worst off in this regard, as they earned only an additional $271.93 per year for each year of education received, while Hispanic males earned $524.84, White females $544.51, and White males $870.91.3

B. Labor Force Participation

The labor force participation rate measures the percent of those persons age 16 and over who are either employed or actively seeking employment. Table 1, attached, reveals that in 1984 Hispanics recorded the highest labor force partipation rate of any major population group.

Hispanic men have higher labor force participation rates than White or Black men. Some economists believe that the higher overall labor force participation rate reflects the fact that the current Hispanic male population in the United States is, on average, younger than the non-Hispanic male population (in 1983, 49.7% of the adult Hispanic men were between the ages of 20 and 34 as compared to 39.1% for all adult men) and young adult men traditionally have higher labor force participation rates than older men.[4]

Hispanic women, like all women, have lower labor force participation rates than men. This is primarily due to the traditional cultural belief that women should remain at home and raise the family. However, in recent years, the growth of the labor force is due to the increasing numbers of women entering the workplace. In the last quarter of calendar year 1981, 47 million working women accounted for about 43% of the work force. Such growth equalled two-thirds of the total labor force increase during 1981. Hispanic women still have somewhat lower labor force participation rates than other women (49.9% in 1984, compared with 53.3% for White women, and 55.3% for Black women), but Hispanic women's labor force participation increased slightly more between 1981 and 1984 than did participation rates for other women (a 4.4% increase, compared to 4.1% for White women and 4.0% for Black women).

C. Occupational Distribution

In 1984, Hispanic workers were especially concentrated in the following occupations:

1. Technical, sales, and administrative support, where 25.8% of Hispanics in the civilian labor force are employed, compared to 30.9% of the total labor force. Over half of Hispanics (60%) employed in this category are concentrated in administrative support, including clerical work.

2. Operators, fabricators, and laborers, where 25.0% of Hispanics in the labor force are employed, compared to 16.0% of the total labor force. Over half of Hispanics (55%) employed in this category are machine operators, assemblers, and inspectors; one-fourth (27%) are handlers, equipment cleaners, and helpers.

3. Service occupations, where 17.6% of Hispanics in the labor force are employed, compared to 13.5% of the total labor force. Excluding private household and protective service occupations, over four-fifths of Hispanics (83%) employed in this category are concentrated in jobs such as cooks, dishwashers, cleaning service workers, and food counter workers.

Hispanics are underrepresented in the managerial and professional occupations, where only 11.8% of Hispanic workers are employed, compared to 14.0% of Black workers, and 24.0% of White workers. On the other hand, Hispanics are overrepresented in the agriculture industry, where 5.7% of Hispanics are employed, compared to 2.7% of Black workers, and 0.35% of White workers.

D. Earnings

The occupational concentration of Hispanics is within those jobs which require a low level of skills and are low paid. The following table identifies the three occupational categories with highest concentrations of Hispanics, and lists their corresponding median weekly earnings:

OCCUPATION AND MEDIAN WEEKLY EARNINGS, 1984

1. Technical, sales, and administrative support.....$300
   . Administrative support, including clerical.....$273

2. Operators, fabricators, and laborers.....$287
   . Machine operators, assemblers, inspectors.....$279
   . Handlers, equipment cleaners, helpers.....$250

3. Service occupations.....$208
   . Service, except private household/protective....$200

Hispanic men and women earn the lowest wages in the labor market. In this regard, Hispanic women are worst off, earning only 52% as much as White men, while Hispanic men earn 71% as much as White men. For the first quarter of 1985, the median weekly earnings by sex and ethnic origin, for individuals 25 years and over, were as follows:

MEDIAN WEEKLY EARNINGS, FIRST QUARTER 1985

White Men	$452
Black Men	325
Hispanic Men	319
White Women	293
Black Women	255
Hispanic Women	237

For the total Hispanic workforce, this pattern of lowest median weekly earnings is a recurrent one, as the following table indicates:

MEDIAN WEEKLY EARNINGS

	1980	1981	1982	1983	1984
Total White	$265	$292	$307	$321	$339
Male	321	353	374	397	403
Female	203	220	243	253	264
Total Black	208	236	247	257	265
Male	246	264	279	299	304
Female	184	204	214	231	242
Total Hispanic	207	223	242	250	256
Male	236	251	263	274	286
Female	170	188	203	209	224

The low wage levels of Hispanics in the U.S. are a result of varying factors. For some Hispanics, such as Mexican origin workers, the low level of education is the major source for the wage discrepancy. However, discrimination still plays a significant role in determining the wages earned by Hispanic workers. In this regard, the wage levels of Puerto Rican and Central and South American men appear to be determined by discriminatory practices to a greater degree than the wage levels of other Hispanic subgroups.

Professor Cordelia Reimers in her study, "A Comparative Analysis of the Wages of Hispanics, Blacks, and non-Hispanic Whites," found that the average wages offered to minority men are at least 15% below those offered to White men.[5] The Reimers study, based on data from the 1976 Survey of Income and Education and the 1970 Census, yielded the following findings:

1. The lower level of education of Hispanics was the single most important reason for the lower wages they received compared to non-Hispanic Whites.

2. Controlling for sex, age, race, education, and other observable characteristics, lower wages among Hispanic groups were attributed, in part, to employment discrimination. Puerto Rican and Central and South American men were found to experience the most employment discrimination.

3. Even if Puerto Rican wage earners received the same wages as other groups, their families would still have a lower income as a result of relatively low female labor force participation rates and the large proportion of female-headed families.

The following table indicates the wage differences between White men and minority men found by the Reimers study:

WAGE DIFFERENCES

Group	Wage Gap	Potential Discrimination
Mexican	34%	6%
Puerto Rican	33%	18%
Cuban	16%	-6%
Central/So. American	42%	36%
Black	23%	14%

Education was found to be the major source of differences in wage offerings. For Mexican origin men, education differences account for half (17%) of the 34% wage-offer differential; for Puerto Rican men, education differences account for 13% of the 33% wage-offer differential; for Cuban men, education differences account for 5% of the 16% wage-offer differential; for Central and South American men, education differences account for 3% of the 42% wage-offer differential; and for Black men, education differences account for 10% of the 23% wage-offer differential.[6]

The Reimers study also found that differences in language fluency, time in the United States, work experience, race, age, armed forces experience, health and government employment are also sources of wage differentials. But, after all these factors are taken into consideration, a wage gap still remains, which can be attributed to discrimination. For Mexican origin men, this "discrimination" wage gap is 6%; for Puerto Rican men, it is 18%; for Central and South American men, it is 36%; and for Black men, it is 14%.[7] With regard to Cuban men, if their background characteristics were the same as those of White non-Hispanic men, the wage differential would be 6% in the Cubans' favor. This result may be explained by the fact that Cubans who immigrated to the U.S. before 1970 formed and maintained their own economic and institutional structure within a small geographic area.[8]

The Reimers study, though based on 1970 and 1976 Census data, corroborates the findings of a 1982 research project of the National Council of La Raza. This research project analyzed data from the March 1981 Current Population Survey and found that unequal opportunities faced by Hispanics account for much of the earnings gap. These inequalities, however, do not account for the total difference between earnings of Whites and Hispanics. La Raza's regression-based analysis evaluated the effects of the following variables on wage and salary income: age, sex, ethnicity, marital status, hours worked, occupation, employment sector (private versus public sector), and industry (which was divided into nine different categories). The results of the analysis indicate that even when all other variables are controlled -- thus assuming that Hispanics are equally educated, trained, work the same number of hours, etc. -- ethnicity alone appears to account for 14% of the wage differences between White and Hispanic males and 29% of the total difference in earning power between White males and Hispanic females.[9]

E. Unemployment

Hispanics face severe, continuing unemployment and underemployment. During both good and bad economic times, unemployment among Hispanics is usually 60% higher than that of White Americans. Table 2, attached, reveals that double-digit unemployment has been a pattern for both the Hispanic and Black communities during the last five years. In October 1985, the official unemployment rate was 7.1% for the total population, 6.1% for Whites, 15.0% for Blacks, and 11.3% for Hispanics.

The official rate of unemployment does not include long-term discouraged workers, or persons working part-time for economic reasons. When the 1.2 million discouraged workers and 5.5 million part-time workers are added to the officially unemployed, the number of persons affected by unemployment climbs dramatically. In 1984, the official unemployment rate of 7.5% translated to a real rate of 13.6%. In June 1985, the overall official unemployment rate of 7.3% translated to a real rate of 13.0%; the official White unemployment rate of 6.5% translated to a real rate of 11.7%; the official Black unemployment rate of 14.0% translated to a real rate of 23.7%; and the official Hispanic unemployment rate of 10.6% translated to a real rate of 18.0%.

Table 3, attached, ranks metropolitan areas according to incidence of unemployment. Three of the six metropolitan areas with the highest unemployment rates have a Hispanic population of three-fourths or more; among other areas in the top twenty, the concentration of Hispanics is significant. The McAllen, Brownsville, Laredo, and El Paso, TX metropolitan areas are border regions particularly vulnerable to the Mexican peso devaluations and the resultant loss of jobs. These regions were also hit by a severe freeze during Christmas 1983, which destroyed millions of crops and citrus trees and caused the unemployment rates among agricultural and food processing workers to climb dramatically.

III. CONCLUSIONS AND POLICY RECOMMENDATIONS

An analysis of the labor market data clearly shows that Hispanic workers occupy the bottom rungs of the labor market. Although they have a higher labor force participation and lower unemployment rate than Blacks, Hispanics are the least-educated and earn the lowest wages of any major population group in the country. However, Hispanics are a youthful subpopulation group with a vast productivity potential. Hispanics are projected to account for at least 8% of the labor force by 1995. Though national demographics will favor lower unemployment over the next 12 years as prime-age workers make up a larger share of the work force, the particular demographic trends of the Hispanic community indicate the opposite, since its high birth rates and lower median age mean that Hispanics will be entering the workforce at a high rate.

One long-range effect of this demographic trend is that the taxable salaries of Hispanic workers will be increasingly vital to the fiscal viability of many domestic programs, especially Social Security, which relies on withholding allowances of current workers for the support of current retirees. It is not unrealistic to envision an aged White population being supported by an increasingly non-White workforce. Therefore, changes in public policy, which recognize these demographic realities, are necessary in order to bring about greater parity in the labor market for minority subpopulation groups such as the Hispanic community.

The National Council of La Raza strongly supports the continuation and improvement of federal programs and policies which seek to eliminate the barriers to equal employment opportunities. A strong federal commitment to accomplishing equal access for minorities to education and employment and training programs is essential if Hispanics are to improve their labor market status.

Responsive policies from the federal government, policies which recognize the educational crisis faced by Hispanics, are crucial if Hispanics are to become productive workers. Education is inextricably bound to earning levels. Higher education not only raises wage rates, it also lowers the probability and duration of unemployment spells, which ultimately translate to lower earnings. However, research from the National Council of La Raza indicates that when certain variables are controlled -- thus assuming that Hispanics are equally educated, trained, work the same number of hours, etc. -- ethnicity alone appears to account for 14% of the wage differences between White and Hispanic males and 29% of the total difference in earning power between White males and Hispanic females. Thus, policies which eliminate discrimination in the workplace are also necessary.

Federal employment and training policies must address the issue of hard-core structural unemployment, that unemployment level which never disappears despite the economic progress made during a recovery. Hard-core structural unemployment primarily affects disadvantaged minorities and individuals who lack the education necessary to meet the needs of a changing economy. Current federal employment and training programs, such as the Job Training Partnership Act, must be adequately funded and structured in order to address the differing needs of the various segments of the labor market such as minorities, youth, dropouts, disadvantaged adults, dislocated workers, limited-English proficient persons, and women.

Hispanic workers are disproportionately vulnerable to shifts in the economy and to restrictive federal policies in education and employment and training. The growing Hispanic population will make up an increasing segment of the future labor force. Therefore, to enable Hispanics and other minority groups to make their full contribution in the future -- and to asssure a trained work force which can meet the future needs of the U.S. economy -- human investment partnerships must develop between the public, private, and nonprofit sectors. The Hispanic community is a human resource, whose reservoirs must be tapped in order to maximize its work force participation and productivity potential. The investment should be made now in order to reap societal benefits and protect the nation's economic security tomorrow.

TABLE 1

LABOR FORCE PARTICIPATION RATES

BY RACE, HISPANIC SUBGROUP, AND SEX

(16 years and over)

(1980-1984 Annual Averages)

	1980	1981	1982	1983	1984
Total White	64.1%	64.3%	64.3%	64.3%	64.6%
Men	78.2	77.9	77.4	77.1	77.1
Women	51.2	51.9	52.4	52.7	53.3
Total Black	61.0	60.8	61.0	61.5	62.2
Men	70.3	70.0	70.1	70.6	70.8
Women	53.1	53.5	53.7	54.2	55.2
Total Hispanic	64.0	64.1	63.6	63.8	64.9
Men	81.6	80.8	80.0	80.8	80.5
Women	47.8	48.5	48.6	48.5	49.9
Mexican origin					
Total	66.4	66.6	65.9	65.7	66.0
Men	84.2	84.0	82.5	82.5	81.8
Women	48.4	49.0	49.7	49.6	50.8
Puerto Rican origin					
Total	51.6	50.0	51.2	42.2	52.3
Men	74.8	69.5	70.9	71.8	72.3
Women	34.3	34.7	35.7	33.0	37.7
Cuban origin					
Total	66.0	64.4	63.3	68.4	67.0
Men	80.0	76.4	75.6	80.8	80.4
Women	53.1	52.8	52.1	57.7	55.6

TABLE 2

UNEMPLOYMENT RATES BY RACE,
SEX, AND HISPANIC SUBGROUP
(16 years and over)
(1980-1984 Annual Averages)

	1980	1981	1982	1983	1984
Total Population	7.1%	7.6%	9.7%	9.6%	7.5%
Total White	6.3	6.7	8.6	8.4	6.4
Men	6.1	6.5	8.8	8.8	6.4
Women	6.5	6.9	8.3	7.9	6.5
Total Black	14.3	15.6	18.9	19.5	15.9
Men	14.5	15.7	20.1	20.3	16.4
Women	14.0	15.6	17.6	18.6	15.4
Total Hispanic	10.1	10.4	13.8	13.7	10.7
Men	9.7	10.2	13.6	13.5	10.4
Women	10.7	10.8	14.1	13.8	11.0
Mexican origin					
Total	10.3	10.5	13.9	14.7	10.8
Men	9.6	10.0	13.9	14.6	10.7
Women	11.5	11.3	14.1	14.9	10.9
Puerto Rican origin					
Total	13.6	13.6	17.6	15.9	13.3
Men	13.1	14.2	17.3	17.0	12.3
Women	14.7	12.6	18.0	14.4	14.7
Cuban origin					
Total	8.4	9.0	11.2	11.9	7.9
Men	9.0	9.1	10.8	11.6	9.0
Women	6.4	9.0	11.7	12.1	6.7

TABLE 3

TWENTY HIGHEST METROPOLITAN AREAS' UNEMPLOYMENT (%)

	Location	% Hispanic Population	September 1985 Unemployment Rates (most recent) Official Rate	Real Rate
1.	McAllen-Edinburg-Mission, TX	81.3%	21.3%	38.3%
2.	Lakeland-Winter Haven, FLA	3.0	14.8	26.6
3.	Waterloo-Cedar Falls, IA	3.6	14.3	25.7
4.	Brownsville-Harlingen, TX	77.1	13.9	25.0
5.	Beaumont-Port Arthur, TX	3.4	13.6	24.5
6.	Laredo, TX	91.5	13.4	24.1
8.	Modesto, CA	15.0	12.3	22.1
10.	Bakersfield, CA	21.6	11.3	20.3
12.	Galveston-Texas City, TX	12.0	11.1	20.0
16.	Stockton, CA	19.2	10.6	19.1
	El Paso, TX	61.9	10.6	19.1
18.	Gary-Hammond, IN	7.3	10.4	18.7

ENDNOTES

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5. Reimers, op.cit.

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8. Sullivan, T., "Differential Success Among Cuban-American and Mexican-American Immigrants," Report to the United States Department of Labor, Employment and Training Administration, 1979.

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